

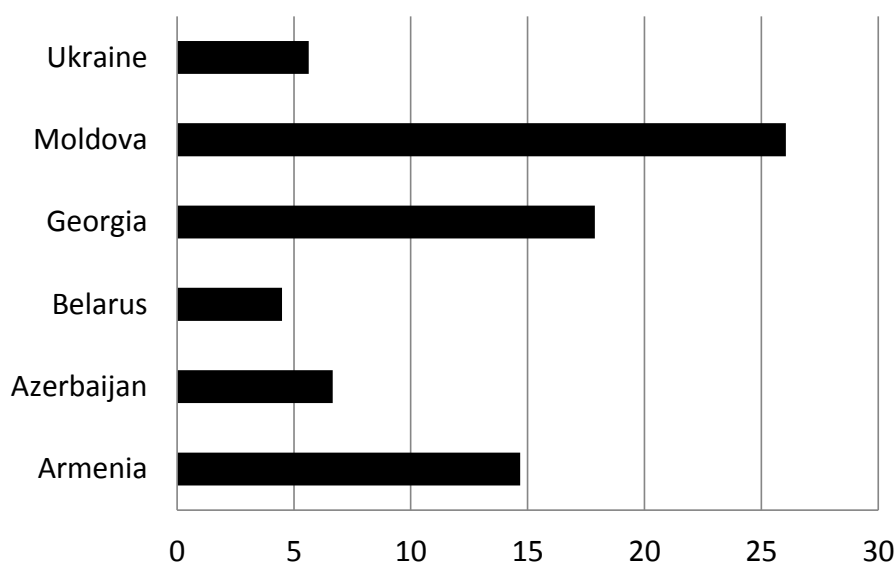
Cost and Benefits of Labour Mobility between the EU and the Eastern Partnership Partner Countries

by Luca Barbone and Matthias Luecke

Determinants and effects of labour migration from a migrant-centered perspective.

Migration from Eastern Partnership (EaP) countries has only become a large and important phenomenon over the last twenty years (fig. 1).

Figure 1. Eastern Partnership countries: Migrant stocks relative to labour force, app. 2010 (percent)



Source: Migration Project country reports.

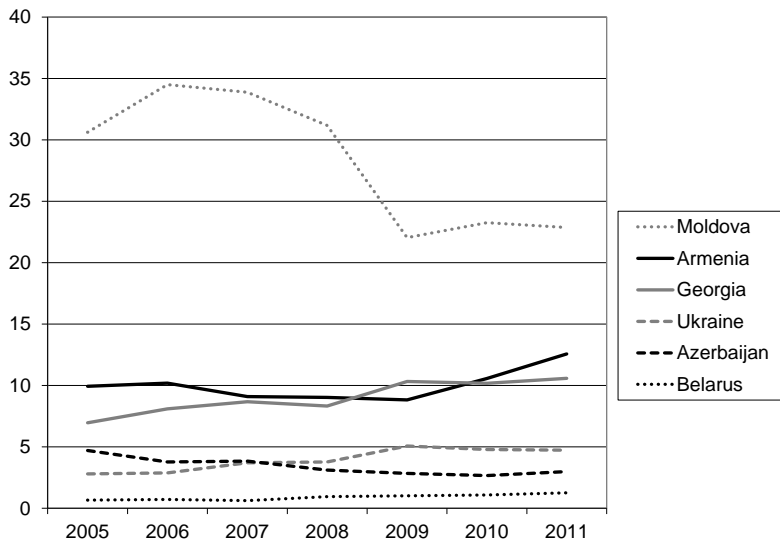
At its heart, labour migration reflects entrepreneurial decisions by individuals and families looking to improve their lives while facing complex challenges and opportunities. In the past, the language of "migration management" was sometimes used to suggest that migrants and migration needed to be "managed" to achieve government objectives.

By contrast, in adopting a migrant-centered perspective, our project aimed to understand, first, EaP migrants' incentives and the effects of migration on migrants and their families, on non-migrants in the country of origin, and on residents of the destination country. Second, we investigated how labour migration is shaped by and interacts with a wide range of government policies and which policy interventions can enhance the benefits of migration for the affected groups.

Many benefit from migration—but costs need to be taken into account.

The main direct economic impact of migration is through remittances, which have mushroomed in most EaP countries in recent years (Fig. 2). Remittances have had macroeconomic consequences, sustaining growth and consumption, but in some cases have also possibly induced Dutch Disease symptoms through higher relative prices for non-tradable goods and services. They have affected the lives of ordinary citizens. While migrants typically tend not to come from the ranks of the poorest individuals, ample evidence indicates that remittances have had an important role in reducing poverty and vulnerability in the EaP countries (as elsewhere in the world). Migration to Russia has played a key role in reducing poverty because the monetary cost of migrating there is little more than the price of a minibus or train ticket to Moscow; hence, migration to Russia is a viable option even for poor workers. By contrast, migration to the EU (which is frequently irregular) is typically much more costly and therefore available only to the relatively well-off.

Figure 2. Eastern Partnership countries: Migrant remittances, 2005 to 2011 (percent of GDP)



Source: IMF, Balance of Payments Statistics database; own calculations.

Emigration could be divisive if incomes and opportunities became much more unequal among community members. However, we find that labour migration from the Eastern Partnership countries to the EU benefits not only migrants and their families. Other residents of the countries of origin are also better-off because migrant households demand more domestic goods and services and the absence of migrants reduces the domestic labour supply and pushes wages up.

The impact of immigrants from EaP countries on the EU labour markets is small at present, in line with their small numbers relative to other immigrants in the EU. At the same time, immigrants from EaP countries tend to be complementary to incumbent workers in the EU. To the extent to which this is the case, admitting more immigrants to the EU would make incumbent workers more productive and would benefit them as well as the immigrants.

Brain drain and education policies

There is notable concern that EaP migrants in the EU (but not in Russia) tend to be more educated than non-migrants, suggesting a brain drain from the EaP countries. Many migrants in the EU are also working at a job that is below their formal qualification level and below the skill requirements of their last job at home, suggesting a de-skilling in the process of migration. The evidence provided in the course of this project leads to the conclusion that, while statistically valid, these findings do not imply that migration

hurts migrants or country of origin residents. First, since migrants work abroad voluntarily, it is safe to assume that they are more productive abroad than they would be at home (where they might be unemployed or underemployed). Second, the education obtained by younger generations of EaP country migrants is often of inferior quality, outdated, or not well adapted to labour market needs (for example, too many lawyers and management graduates, too few skilled technicians). Even if migrants are working at jobs below their formal qualifications, they may not necessarily have the skills that would be required for a job in line with their nominal qualifications. A main lesson is that EaP country governments should restructure their education systems to ensure that young people are equipped with skills that are appropriate to their talents and to labour market needs both at home and in migrant destination countries.

At the same time, the lack of formal recognition in the EU for many professional qualifications obtained in EaP countries is one important barrier to immigrants finding employment commensurate with their skills. Both sending and receiving countries should cooperate in creating comprehensive frameworks for transferring qualifications, perhaps drawing on their experiences with existing frameworks such as the Bologna Process for tertiary qualifications.

Policies to improve the outcomes of migration: the “migration lens”.

Our main conclusion regarding Eastern Partnership country policies is based on the observation that labour migration and remittances interact in crucial ways with many policies that are not themselves migration-specific, such as monetary and exchange rate policy, financial sector development, and education and vocational training. This is true especially when the number of migrants is large relative to the labour force and remittances are large relative to GDP, as in Armenia, Georgia, and Moldova. Under these circumstances, we propose that EaP country governments look at macroeconomic and sectoral policies through a “migration lens,” for example when they set policies in national development plans and poverty reduction strategies.

To institutionalize a “migration lens,” responsibility for migration-related policies should be allocated to a specialized body that is powerful enough to bring a comprehensive understanding of migration to bear on intra-governmental policy debates and decision-making. This body should be able to overcome the conflicting interests and

competing perspectives of other parties; for example, migration should not be thought of primarily as a border control issue, which Ministries of Interior might be naturally inclined to do. Several EaP countries have already developed comprehensive policy documents and established institutions with a broad level of responsibility over migration-related policies, including contacts with the diaspora. Nevertheless, much remains to be done for a “migration lens” to be widely adopted and for migration-related concerns to be adequately reflected in the mandates and resources given to the responsible government institutions.

In line with a migrant-centered approach to migration policy making, many migration-specific policy interventions could be implemented by governments in both the countries of origin and destination to make the migration experiences of EaP workers in EU member states more successful and hence more beneficial to all involved. In particular, migrants would benefit from easily accessible, comprehensive, and reliable information on legal matters, labour market conditions, migrants’ rights in the country of destination, financial services related to remittances, social security including the portability of benefits, etc. Such information and advice should be available to migrants throughout the migration cycle, from before they decide to leave all the way to their eventual return. To provide such services, donor funding could supplement the limited resources of EaP country governments. Direct cooperation between trade unions in countries of origin and destination would be helpful in providing (potential) migrants with relevant information and safeguarding their labour and human rights. Furthermore, private employment agencies that operate in both of origin and destination countries could play a crucial role in migrant job placement.

The future potential for migration from EaP countries

Our synthesis paper and labour matching paper contain projections for the flow of migrants from EaP countries to the EU over the current decade. On the one hand, population aging in Eastern Partnership countries will tend to reduce the flow of immigrants to the EU from its present, already low level (on a net basis, there are fewer than 100,000 new EaP immigrants in the EU annually). On the other hand, the historic experience of immigration to the EU-15 from the new EU member states in Central and Eastern Europe provides guidance on how various policy regimes for access to the EU labour market will affect future immigration from EaP countries. We find that visa liberalization (no visa needed for stays of up to 90 days in the EU) would not substantially affect the inflow of labour migrants. However, gradually improving access to EU labour markets (sectoral programmes, etc.) could double the expected inflow of EaP immigrants into the EU during the current decade. Even then,

migrants from Eastern Partnership countries would remain among the smaller immigrant communities in the EU.

Our main conclusion regarding EU policies towards immigrants from EaP countries is that improved access to EU labour markets would benefit all affected groups and would permit a better matching of immigrants to employment opportunities in the EU. Expanded legal employment opportunities for EaP country nationals would help protect migrants’ rights and facilitate the recognition of their educational qualifications, thereby rendering deskilling less likely. Legal employment opportunities and the right to return to the EU after a temporary return to the country of origin are also preconditions for promoting circular migration patterns. Mobility partnerships with some EaP countries as well as on-going negotiations on association agreements could provide the broader political context for bilateral agreements that expand access to EU labour markets and improve the position of migrants, for example through more fully portable pension rights.

On a country-by-country-basis, the gradual liberalization of immigration from the EaP countries is already occurring. The channels being used differ widely across EU member countries and include the granting of EU member state passports to nationals of EaP countries on historic grounds (e.g. Romanian passports for Moldovans), the regularization of informal immigrants, special immigration regimes for high-skilled workers and those in shortage occupations (with different types of tests for labour market needs, usually not limited to citizens of EaP countries), family unification, and student visas. Several countries maintain schemes that effectively facilitate circular migration for agricultural and other seasonal workers.

The evidence gathered in our project shows that providing legal migration opportunities where they do not currently exist is essential for reaping the benefits of regular and circular over irregular and long-term migration. For example, Armenians in Russia (who need no visa to travel) are more likely to stay for shorter periods and return to Russia more frequently than Georgians who need a visa to travel and may find it difficult to obtain. Ukrainian nurses or caregivers in Italy are still sometimes irregular, long-term migrants (and were far more likely to be in this position before recent regularizations). When they enjoy regular status, circular migration - sharing one caregiving position among two workers - helps them to stretch their employability in a line of work that is physically and emotionally exhausting. In addition, a well-established circular migration channel for Polish caregivers now exists in Italy and Northern Europe, aided by the EU Services Directive that allows Polish firms to provide certain services abroad under Polish wages and working conditions. This example also demonstrates that

coordinated regulations between the countries of origin and destination (in this case, through the EU directive) and the right to return to the country of destination at a future date are important elements of good migration policy practice.

Overall, this discussion suggests that policies should accommodate new productivity-enhancing patterns of cross-border moves. Visa liberalization and visa-free travel are a high priority because of the flexibility needed by economic agents for their international activities.

EU vs. Member States

An important issue concerns the roles of the EU vs. the member states in shaping future immigration. The EU has established many ground rules for immigration through its Blue Card and Single Permit directives; other directives on Seasonal Employment and ICT professionals are being developed. Furthermore, the EU has entered into policy dialogues with many migrant countries of origin through the Söderköping and Prague processes and mobility partnerships with several EaP countries. Nevertheless, the effective level of access to member state labour markets is still determined by member state policies. While individual member states might facilitate access to their labour markets in response to particular perceived needs, progress towards a comprehensive, liberal immigration regime, including for nationals of Eastern Partnership countries, calls for coordinated action by a substantial number of sufficiently large member states. Otherwise, relatively large numbers of immigrants might be attracted to a few liberalizing member states where they would be numerous enough to cause disruptions in labour markets and congestion in markets for localized services.

In sum, this project has produced a substantial body of evidence and suggestions on how to make labour migration from EaP countries a win-win situation for origin countries as well as receiving countries. This evidence will feed into the political processes both at the level of the European Union and between the EU and the EaP countries under the Eastern Partnership initiative. While political and economic realities will eventually shape the scope of the agreements that can be reached, it is our hope that debates can be informed by evidence rather than prejudice or expediency.

This e-brief summarizes the lessons learned from the two-year project “Cost and Benefits of Labour Mobility between the EU and the Eastern Partnership Partner Countries,” conducted by a consortium including IZA (Institute for the Future of Labor, Bonn), Central European University (Bratislava), and LSE Enterprise (London) and led by CASE – Center of Social and Economic Research. The project was financed by the European Commission. The reports produced as part of the project are available at http://www.case-research.eu/en/migration_ENPI and include eleven country studies and three policy papers:

- Labour Migration from the Eastern Partnership Countries - Evolution and Policy Options for Better Outcomes (based on country studies for Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine)
- Labour Migration from Eastern Partnership Countries to the EU - Assessment of Costs and Benefits and Proposals For Better Labour Market Matching (based on country studies of Germany, Italy, Poland, Spain, UK)
- Migration from the Eastern Partnership Countries to the European Union – Options for a Better Future (“final paper” focusing on policy implications)

The conclusions of the project were presented to representatives and stakeholders of EaP and EU countries at the final seminar held in Brussels on June 24, 2013.

The Authors

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